# Exhibit
# AS-3

# 2019/2020
# Integrated Resource Plan

VECTREN
A CenterPoint Energy Company

# SECTION 10
# SHORT TERM ACTION PLAN

## 10.1 DIFFERENCES BETWEEN THE LAST SHORT-TERM ACTION PLAN FROM WHAT TRANSPIRED

Vectren pursued all the items listed in the 2016 IRP short-term action plan.

### 10.1.1 Generation Transition

Following the conclusion of the 2016 IRP, Vectren began a generation transition plan to replace the majority of its coal fleet with a highly efficient large natural gas plant and a 50 MW universal solar plant. Vectren also proposed to continue operation of its most efficient coal unit by installing certain environmental compliance equipment. Vectren pursued this plan through two separate filings in Cause numbers 45052 and 45086.

In April 2019, the IURC granted partial approval of Vectren's Smart Energy Future electric generation transition plan which included approval to retrofit F.B. Culley 3, Vectren's largest, most-efficient 270 MW coal-fired unit and to proceed with construction of a 50 MW universal solar array. The request to construct a 700-850 MW combined cycle natural gas power plant was not approved.

### 10.1.2 DSM

The 2016 IRP did support continued energy efficiency programs designed to save 1% of eligible retail sales. Vectren proposed the 2018-2020 Electric DSM Plan to obtain approval of programs to achieve this level of savings. The Commission approved this plan on December 28, 2017 in Cause No. 44927. Consistent with the 2016 IRP, the framework for the 2018-2020 filed plan was modeled at a savings level of 1% of retail sales adjusted for an opt-out rate of 80% eligible load.

### 10.1.3 Solar Projects

In 2017, Vectren filed for and received approval to construct two 2-MW universal solar projects that are currently in operation; one near North High School in northern Vanderburgh County and the second near Oak Hill Cemetery near Morgan Ave., which

is through a partnership with the City of Evansville. Both sites have been constructed and have been generating power since December of 2018. The Volkman Road project also includes battery storage with the ability to discharge one megawatt of power per hour over a four-hour period.

### 10.1.4 Environmental Permits for ELG/CCR

The bottom ash system at F.B. Culley Unit 3 is scheduled to be converted to a dry system in the Fall of 2020. Work is also taking place to convert the FGD system to zero liquid discharge technology. These two technologies will make Culley Unit 3 fully compliant with the Effluent Limitation Guidelines (ELG) rule and the NPDES permit requirements for Culley 3.

The West Ash Pond at F.B. Culley is currently undergoing closure, with those activities scheduled to be completed by December 2020. The closure design includes the construction of a lined contact storm water pond, which will receive contact storm water from various areas of the plant. The construction of this pond, along with the installation of the dry bottom ash and FGD ZLD technologies will enable the upcoming required closure of the F.B. Culley East Ash Pond.

The A.B. Brown Ash Pond is also facing forced closure soon. Plans are currently underway to prepare for the excavation of all material from the A.B. Brown ash pond, with a majority of the ash being sent for beneficial reuse.

## 10.2 DISCUSSION OF PLANS FOR NEXT 3 YEARS

The short-term action plan describes the early steps to pursue the preferred portfolio, consistent with the objectives and risk perspectives listed in Section 2.3. Progress on the items listed below will be tracked and reported on in the next IRP. IRP estimates of each piece of the plan listed below can be found in Confidential Attachment 8.2 Aurora Input Model Files. Individual cost estimates can also be found in Section 6 Resource Options.

### 10.2.1 Procurement of Supply Side Resources

As described above, the preferred portfolio included 300 MWs of wind, 700-1,000 MWs of solar and two combustion turbines (~460 MWs) to replace approximately 730 MWs of coal fired generation. Vectren will continue to monitor developments with the State of Indiana's Energy Policy Task Force and the wholesale energy market for potential changes that could alter Vectren's plan. Regardless of the outcome, Vectren must continue to plan, as some portions are more certain than others.

Vectren plans to close its smallest, most inefficient coal unit, Culley 2 (90 MWs) and Vectren's contract for joint operations of Warrick unit 4 (150 MWs) expires by the end of 2023. In order to replace this generation, Vectren plans to acquire renewable generation in the next three years in order for Vectren's customers to benefit from expiring renewables tax incentives and, at a minimum, replace this portion of Vectren's coal fleet. This equates to approximately 700-1,000 MWs of capacity from solar generation towards the 2023/2024 and the 2024/2025 MISO planning years, partially dependent on expected solar penetration levels within MISO at that time and MISO resource accreditation.

To fill this need, Vectren plans to pursue attractive projects from its 2019 All-Source RFP consistent with the findings in the 2019/2020 IRP. The All Source RFP bids remain open until August 2020 and Vectren is in active discussions with short listed bidders for various renewables projects. Upon completion of expected negotiations Vectren plans to file a CPCN in 2020 so that its customers can receive low-cost solar energy from these projects before tax incentives are reduced. The remainder of Vectren's renewable need, including wind, solar and storage, could be filled through a second RFP. Affordable pricing will be important.

Vectren's plan allows for flexibility while awaiting clarity from the outcome of the Energy Policy Task Force and resource accreditation decisions from MISO; however, preliminary planning must begin for the potential replacement of the A.B. Brown coal plants with two combustion turbines most likely as it offers many benefits at the Brown site.

In order to accommodate the need for capacity by the end of 2023 for the 2024/2025 planning season, Vectren will begin design work and obtain updated cost estimates for equipment. Additionally, permits would need to be filed with FERC to bring gas to the Brown site, a continuation of work done in support of the 2016 plan. Vectren currently has approximately 500 MWs of interconnection rights for the Brown units at this brownfield site, which will allow Vectren to bypass the MISO Generation Interconnection Queue. Utilization of the Brown site helps to mitigate risk for Vectren customers, including reliance on the capacity market and risk of future transmission upgrades at different sites or later at the Brown site. A decision on CPCN timing will be made later this year.

### 10.2.2 DSM

Vectren has filed its 2021-2023 electric demand side management (DSM) plan in June of 2020. The 2021-2023 energy efficiency savings were guided by the 2019/2020 IRP process. Once approved by the Commission, the Vectren Oversight Board, including the Office of Consumers Counselor (OUCC), Citizens Action Coalition (CAC) and Vectren, will oversee the implementation of energy efficiency programs.

### 10.2.3 Solar Projects

Based on the Commission's 2019 approval, Vectren is currently constructing a 50 MW universal solar plant, interconnecting at transmission voltage (161kV) and is expected to be in service in the first quarter of 2021.

### 10.2.4 Culley 3

Based on the Commission's 2019 approval, Vectren is proceeding with the installation of the F.B. Culley Unit 3 mandated environmental compliance projects. The new pollution control equipment installations are in various stages of engineering and planning with the expected in-service dates meeting the defined timelines.

### 10.2.5 Ability to Finance the Preferred Portfolio

The Company and its parent corporations expect to have sufficient funds to finance the preferred portfolio, through a combination of internally generated cash flow from operations and external capital markets activity.

### 10.2.6 Continuous Improvement

Vectren takes continuous improvement seriously and works to ensure that improvement opportunities are evaluated and where appropriate implemented. This is done in several ways. First, Vectren participates in the Director's report process and listens to critiques of its IRPs from multiple stakeholders. Second, Vectren always conducts post IRP discussions with internal team members, as well as outside consultants to determine what can be done better in the next IRP. Third, Vectren participates in stakeholder meetings of other Indiana utilities and follows stakeholder feedback in those processes. Fourth, Vectren collects information on IRPs through news articles, conferences and Indiana's annual Contemporary Issues meeting. Finally, improvement opportunities come directly through the stakeholder process with formal and informal meetings, as they did throughout this IRP.

## 10.3 Implementation Schedule for the Preferred Resource Portfolio

Below is a general timeline for the Preferred Resource Portfolio, subject to change pending outcome of the Energy Policy Task Force.

**Figure 10-1 – Implementation Schedule**

| Year | Quarter | Activity |
|---|---|---|
| 2020 | Q2 | File for 2021-2023 DSM Plan<br>File IRP |
| | Q3 | Select Attractive Renewable Projects from All-Source RFP |
| | Q4 | File CPCN for Renewable Projects<br>Second RFP |
| 2021 | Q1 | File CPCN for Combustion Turbines<br>Results of 2nd RFP in |
| | Q2 | |
| | Q3 | Renewables CPCN Order |
| | Q4 | Begin 2022 IRP<br>Combustion Turbines CPCN Order |
| 2022 | Q1 | |
| | Q2 | |
| | Q3 | |
| | Q4 | File 2022 IRP |